CMHC HOUSING OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Expect higher housing construction

Second Quarter, 2002

Overview

Housing starts:
2002: 182,200
2003: 174,000

Resales:
2002: 401,400
2003: 389,700

Housing starts: Canada's housing construction industry is in an expansion phase. Economic recovery will lift housing starts to their highest level in 12 years. As housing prices rise, so will the popularity of relatively cheaper apartment dwellings.

House prices: Resale markets are tight. Rising sales and a low supply of new listings will keep house prices growing above the rate of inflation.

Resales: Housing demand, generated by historically low mortgage rates and by a decade and a half of strong immigration, will boost sales through the Multiple Listings Services to new records.

(Details on Page 3)

The Nation's HOT SPOTS

Quebec: Rising income, renewed consumer confidence, and low mortgage rates will support home building. (See Page 14)

Alberta: Despite short term uncertainty in oil and gas investment, attractive job market conditions are pulling in migrants and lifting demand. (See Page 10)

Ontario: High immigration and low mortgage rates will keep the inventory of newly completed and unoccupied dwellings near a record low and boost residential construction. (See Page 13)

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

CMHC SCHL

HOME TO CANADIANS
Canada

CMHC — HOME TO CANADIANS

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Third Quarter — September
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National Housing Outlook

In Detail

Growing multiple housing starts

Multiple housing starts will jump by 15.9% this year and remain high next year. The bulk of the increases will occur in Quebec, Ontario and British Columbia.

Multiple dwellings gain popularity during periods of strong economic growth when prices of single-detached houses increase. Town homes and condominiums are an affordable substitute for detached homes. More expensive housing markets usually have a larger share of multiple housing starts.

A growing young, renter-aged population is also adding to rental demand. The signing of Affordable Housing Program agreements with many provinces and territories will have a positive impact on rental starts beginning in 2003. This impact will somewhat offset tight vacancy rates.

Single-detached homes a favorite

Although single-detached homes are the most desired form of housing, relatively higher prices will limit the increase in single starts this year and higher mortgage rates will reduce single starts next year.

Single-detached houses are preferred by baby boomers out to purchase a home for the second or third time.

Baby boomers, who have moved into their 40s, have established careers and built up assets, and can afford to buy this more expensive dwelling type. The strongest gains in single-detached starts this year will be in Saskatchewan, Alberta, and Quebec.

Record sales through the MLS

Strong employment gains and consumer confidence, and a decade and a half of strong immigration will boost MLS sales to a new record this year. The strongest sales increases will be in Quebec, Ontario and British Columbia.

Higher mortgage rates and house prices will tone down resale activity next year, but the annual total will still be the second best on record.

House prices will beat inflation

Resale markets are tight. Rising sales and a low supply of new listings will keep prices growing above the general rate of inflation this year and next. Even though mortgage rates will remain low from an historical perspective, existing homes will become less affordable as mortgage rates and house prices rise. The most rapid increase in prices are anticipated in Ontario, Quebec, and Alberta.

Spotlight: How old is today's home shopper?

The table to the right summarizes age-specific home-purchase intentions in CMHC's latest 2001 "Intentions to Buy or Renovate" survey. It shows that:

- One third of home purchase intenders are in the 25 to 34 year age group.
- Single-detached homes are popular among all age groups. Persons aged 35 to 44 are most likely to be looking for a single-detached home.
- Generally, the older the prospective buyers, the more expensive the homes they wish to buy. However, once they reach retirement age, the price of homes they intend to buy begins to drop.

Age group:	Purchase intenders' age distribution	Intender % that are strong indenders	% looking for a detached home	% looking for home under $200K
18-24	16	47	64	57
25-34	33	48	66	46
35-44	23	47	73	43
45-54	13	50	69	40
55-64	6	36	64	36
65 +	4	43	50	42
No response	4			
Total or avg.	100 *	47	66	45

* categories do not add up to 100% due to rounding

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Trends Impacting Housing

The Economy

The worst of the economic downturn in 2001 is over. Already, economic growth, as measured by the Gross domestic product (GDP), jumped at an annualized rate of six per cent in the first quarter of 2002 relative to the fourth quarter of 2001. It was driven mainly by a hike in housing investment, a rise in consumer spending, a slowdown in inventory depletion, and a rebound in exports to the U.S. Only business investment in plant and equipment edged down.

The economy-wide inventory-to-sales ratio at an all-time low, combined with leading economic indicators pointing up, suggest solid growth ahead. As a result, GDP growth will reach 3.5 per cent this year. As under-utilized industrial capacity is gradually brought back into production, corporate profits and business investment will improve and help push GDP growth up to 4.1 per cent in 2003.

Mortgage Rates

The Bank of Canada already raised its target for the overnight rate by one-quarter of one percentage point three times this year, to 2.75 per cent. These moves by the Bank represent a pull back of monetary stimulus in the economy. As the economy strengthens and moves back toward full production capacity, the Bank is expected to further raise its key overnight rate, particularly in 2003, to keep inflation at its two per cent target.

Mortgage rates will follow suit and move higher. The outlook for short term mortgage rates in 2002 remains favourable, with the one-year mortgage rate in the 4.50 to 6.75 per cent range. The five year rate will be in the 6.75 to 8.25 per cent range. Both short term and long term mortgage rates are expected to increase further and at a faster pace in 2003.

Mortgage rates will remain low and support demand for housing this year. However, the rising trend will help cool down housing demand as the year progresses. The higher mortgage rates will slow housing demand more next year.

Employment

Increased job creation influences housing markets in that it allows a greater number of persons to build, over time, the financial ability to form their own households and to rent or buy their own accommodation. The time delay between the creation of a new job and the creation of a new household can be significant, depending on such factors as the level of income related to the new job and the costs associated with renting or owning a home.

As such, the low level of job creation last year will have restrained the number new households created. However, surprisingly strong job creation from January to May of 2002, the largest five-month gain since 1994, will have an opposite effect and allow the formation of new households and support demand for housing in 2002 and 2003.

Despite the recent strength in employment growth, there is still a need for skilled labour. Therefore, this need will help drive employment growth in the near future.

Consumer Confidence

Increased job creation also influences housing markets by sustaining consumer confidence at a high level. The surprising strength in job creation and the historically low mortgage rates early this year have propelled the belief that it is a good time to buy big-ticket items such as homes and cars. In fact, the Conference Board of Canada's Consumer Attitudes survey indicated in April that a record percentage of respondents responded yes to the question "Do you think that right now is a good or bad time for the average person to make a major outlay for items such as a home, car or other major item?" This consumer confidence factor is the main reason for the upward revision to our housing forecast.

Migration

Total net migration (immigration minus emigration plus the flow of non-permanent residents) has been high since 1987, averaging about 180,000 persons per year. The total for 2002 will be close to this average but below the recent 2001 peak of 188,672 persons. The decline will be due to lower immigration. Preliminary data indicate that the number of persons acquiring immigrant status has dropped since September 11.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment	Impact 2002	Impact 2003
Mortgage rates	Mortgage rates will edge up but still remain low this year. Rates will rise faster next year and pull back housing demand.		
Employment	Lacklustre job creation in 2001 will limit upside potential this year. Stronger job creation in 2002 will support demand in 2003.		
Incomes	Incomes will benefit from job growth, wage gains and tax cuts.		
Net migration	Large migration inflows since 1985 support housing demand.		
Natural population increase	Natural population increase (births minus deaths) continues but at a progressively slower rate. This secular trend is leading to the formation of progressively fewer households.		
Consumer confidence	Robust consumer confidence, in line with job prospects, will support housing demand.		
Resale market	Resale markets are tight. Housing demand will increasingly be met with new construction.		
Inventories of new and unoccupied units	Low inventories of newly constructed and unoccupied dwellings signal need for new construction.		
Vacancy rates	Low vacancy rates trigger multiple starts.		

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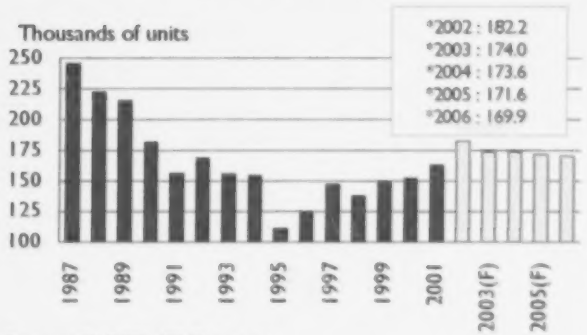
Special Report: Five-year Outlook

From now through 2006, residential construction will benefit from favourable economic and housing market conditions.

Total housing starts is set to reach a 12-year high in 2002. The number of starts will then follow a downward trend from 2002 to 2006 but remain at relatively high levels. Our forecast is based on continued economic growth in North America and a high level of net international migration to Canada.

Total Housing Starts, Canada



Source: CMHC. (F) Forecast.

GDP growth in Canada is expected to peak in 2003 as the economy reaches full production capacity. GDP growth will moderate in subsequent years, remaining just above three per cent, as the economy matches its long term growth potential.

The sustained economic growth will be accompanied by strong job growth. The unemployment rate will trend lower while the labour force participation rate will trend higher. This will allow for continued growth in household formation and housing demand in Canada.

Improved economic and job market conditions will also attract more immigrants to Canada over the next several years. Ontario and, to a lesser extent, British Columbia, Quebec, and Alberta, the main destinations of international migrants, will benefit from this stimulus to their housing markets. Net international migration levels should hover between 170,000 and 185,000 persons through 2006, trending upward over the forecast period.

Confidence, employment, and disposable income on the rise

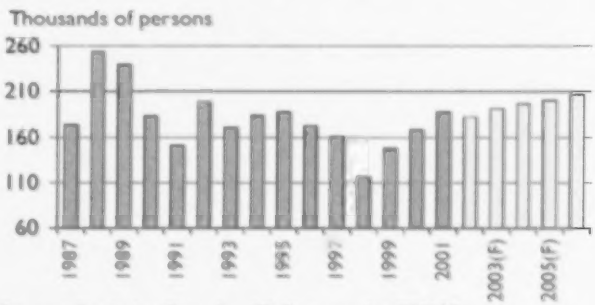
Disposable income growth will also support demand for housing. The tightening labour market and improved economic productivity will lead an acceleration in wage gains. At the same time, tax relief will remain in the cards as federal and provincial government finances remain healthy and budget surpluses are maintained. The resulting gains in disposable income will buoy consumer confidence. The combination of income gains and high consumer confidence will lead to strong housing demand.

The numerous factors lifting demand for housing will be offset by strong gains in house prices and higher interest rates. The strength in house price appreciation will depend to some extent on interest rates. Mortgage rates will ratchet higher as strong economic growth, tighter labour market conditions, and higher energy prices raise concerns of higher inflation.

Housing demand will be met, in part, by increased construction of new housing units rather than a drawdown in unoccupied inventories. Given the building industry's prudence in the last few years, new and unoccupied housing inventories are at record lows and the national rental housing vacancy rate stood at just 1.1 per cent in 2001.

In summary, all the important influences in the residential construction sector are favourable over the next five years, with the possible exception of mortgage rates.

Total Net Migration, Canada



Source: Statistics Canada. (F) Forecast by CMHC.

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Regional details

The strength in residential construction will not be felt to the same degree in all provinces over the next five years. The growth expected this year will be mainly attributable to Ontario, Quebec, and Alberta, which will see the most improved labour markets. In subsequent years, British Columbia will take the lead as its economy recovers more strongly.

Newfoundland and Labrador

Despite rapid economic growth owing to the development of the oil and gas industry, particularly next year, labour market conditions will remain difficult and a good number of Newfoundland residents will leave the province. As a result, the number of housing starts will peak in 2003 and then gradually decline.

Prince Edward Island

An influx of retirees from other provinces will help support demand for housing on the Island. However, relatively weak prospects for job growth will limit the number of housing starts to no more than 675 units.

Nova Scotia

Residential construction will slow down in Nova Scotia through 2003 but rebound in 2004 and subsequent years in line with increased migration associated with the development of major energy projects.

New Brunswick

Moderate prospects for economic growth, especially in the resource industries, will limit housing starts in New Brunswick through 2004. Moderate gains in home building are expected in 2005 and 2006, in line with improved economic prospects.

Quebec

The Quebec economy will remain vigorous over the next few years, thanks to the vitality of the export sector and the strength of consumer demand. Housing starts will rise in 2002 and remain above the 30,000 mark in subsequent years.

Ontario

With its great appeal to immigrants and strengthening economy, Ontario will post a major increase in housing starts in 2002. The volume of starts will drop in 2003 and 2004 because of higher mortgage rates, but remain high compared to the levels registered during the 1990s.

Manitoba

Manitoba's relatively weaker job growth and slightly negative, but stable, net migration level will mean a very gradual decline in the number of housing starts over the five-year forecast period.

Total Housing Starts, Canada and the Provinces

	2000	2001	2002(F)	2003(F)	2004(F)	2005(F)	2006(F)
Newfoundland	1,459	1,788	1,750	1,825	1,800	1,800	1,800
Prince Edward Island	710	675	670	640	600	600	675
Nova Scotia	4,432	4,092	3,950	3,750	4,150	4,500	4,350
New Brunswick	3,079	3,462	3,350	3,300	3,300	3,350	3,450
Quebec	24,695	27,682	36,600	33,000	32,000	31,500	31,000
Ontario	71,521	73,282	79,600	74,800	72,000	70,000	68,000
Manitoba	2,560	2,963	2,850	2,750	2,800	2,750	2,700
Saskatchewan	2,513	2,381	2,500	2,550	2,675	2,750	2,800
Alberta	26,266	29,174	32,100	30,350	29,250	28,800	29,100
British Columbia	14,418	17,234	18,800	21,000	25,000	25,500	26,000
Canada	151,653	162,733*	182,200*	174,000*	173,600*	171,600*	169,900*

Source: CMHC. (F) Forecast. * Total does not add due to rounding.

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Saskatchewan

Saskatchewan's economy will continue to create jobs over the next several years, although at a slower pace than the Canadian average. This will help to reduce the number of persons leaving the province. As a result, housing starts will stay in a moderate range of 2,500 to 2,800 units over the next five years.

Alberta

With the oil and gas sector driving economic growth of three to four per cent through 2006, Alberta will continue to attract a large contingent of interprovincial and international migrants. Its very competitive taxation and tight labour market will also favour economic growth and household formation, supporting strong housing starts close to the 30,000 mark.

British Columbia

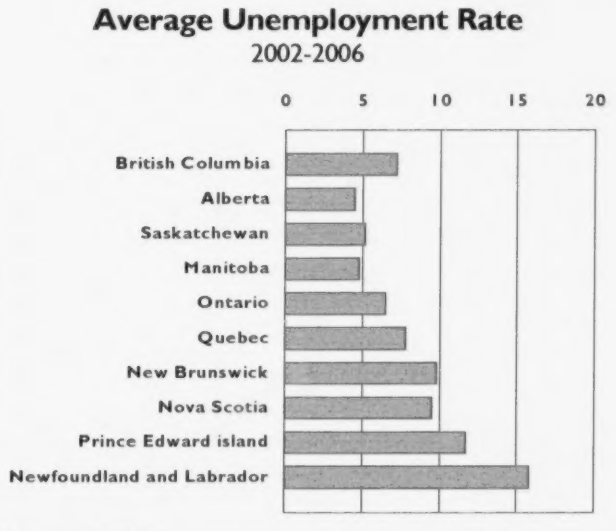
The economic recovery will be slow to materialize in British Columbia. By 2003, conditions will improve in the resource sector and in the Asia-Pacific zone. Interprovincial migration will turn positive by 2004 and help lift demand for housing. Total starts will follow an upward trend but will remain below the levels observed in the early 1990s.

Forecast Risks

Risks to our five-year forecast are as much on the upside as on the downside:

- **Higher than expected international migration.** Higher immigration levels, to alleviate tight labour market pressure, would drive up housing starts, especially in the four bigger provinces.
- **Marked increase in interest rates.** Our current scenario calls for an increase in mortgage interest rates. However, if the U.S. and Canadian economies recover more quickly and vigourously than anticipated, interest rates could move even higher to ward off any signs of inflation. An additional increase of 150 or 200 basis points in mortgage rates, above our current scenario, would undoubtedly dampen housing demand in Canada.
- **Sustained loss of investor confidence.** In addition to the continued potential for terrorist attacks, the recent wave of revelations on accounting fraud, insider trading, and other deceptions has shaken investor confidence. This has precipitated a flow of capital away from equities and toward fixed income securities. The result may be double edged. On the one hand, interest rates may remain lower than anticipated and sustain housing demand in the short term. On the other hand, the increased cost of funding through equities may delay business investment and slow the pace of job creation and household formation in the long term.

Relative labour market conditions influence provincial prospects



Source: CMHC.

- Prospects for housing starts vary significantly from one province to another for a wide variety of reasons. One important factor is the relative condition of the labour market, in particular the relative rates of unemployment. Typically, provinces with lower unemployment rates tend to attract workers from provinces with higher unemployment rates. The shift in population shifts demand for housing.
- Projected unemployment rates will therefore favour Ontario and the Western provinces over the next five years, although other factors may also come into play.

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British Columbia

Overview

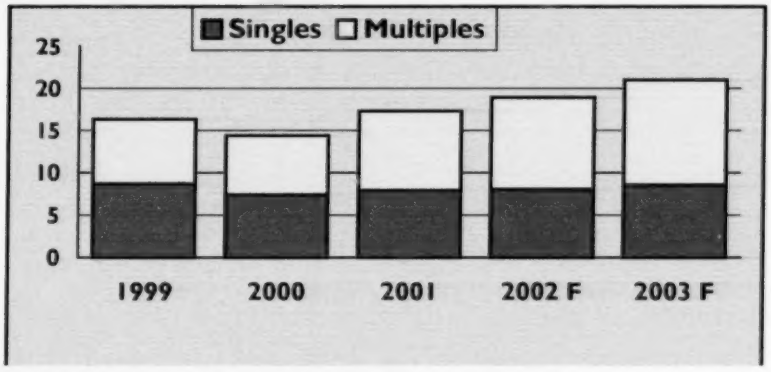
Housing sector will lead the province's economy in growth

Economic growth in British Columbia is expected to improve in 2002. Gains will be seen in exports, consumer spending, and residential investment.

A number of B.C. exporters will benefit as the U.S. economy rebuilds momentum and several commodity prices rise such as oil, gas, metals, and minerals. However, U.S. duties of 27.2 per cent against Canadian softwood lumber exports will hold back profitability among coastal B.C. softwood lumber exporters and limit the pace of overall economic recovery.

The consumer will in fact carry the province's economic recovery, buoyed by low interest rates and stronger confidence.

B.C. Starts (000's)



Already, retail sales have grown at a very healthy rate, while housing sales in urban areas rose at a fast pace so far this year.

Increased demand for housing will be accompanied by more prominent move-up buying as sellers in urban areas gain from improving prices and equity buildup. Rising sales and house prices will also prompt builders to step up housing construction after a few years of historically low activity. Much of this growth will be centred in the **Greater Vancouver Area** where newly completed and unoccupied dwelling inventories remain low.

In Detail

Single Starts: Single starts are expected to rise by 3 per cent in 2002. Builders will respond to increases in demand for housing which cannot be met in the tight existing home market. Single starts will see only moderate gains at best in rural regions but much larger gains in the economically stronger urban areas such as the **Greater Vancouver Area, Victoria,** and **Kelowna.**

Multiple Starts: Renewed demand and a low inventory of newly completed and unoccupied inventory of apartment condominiums is expected to support a 14.2 per cent gain in multiple starts in 2002. Much of this increase will be limited to the **Greater Vancouver Area.** The rental segment will benefit from government assistance to affordable rental projects.

Resales: Low mortgage rates have pushed resales to record levels in most urban markets early this year. Higher house prices are expected to bring more property listings on the existing home market and support strong resale activity.

Prices: The resale market has been very tight with the ratio of sales to new listings approaching nearly 100% in **Vancouver** and **Victoria** earlier this year. This has driven average prices higher in those two centres. Since such market conditions are expected to prevail for many months to come, the provincial average MLS price will increase by 3.7 per cent in 2002.

Provincial Highlight

Recent 2001 Census figures show that over two-thirds of B.C.'s population is situated in the Lower Mainland and southern Vancouver Island. The province's two most urbanized areas had just over 2.7 million people in 2001, up 7.3% from 1996.

The only B.C. region with a population over 5,000 to be noted as one of the 25 fastest growing municipalities in Canada was Whistler. Between 1996 and 2001, its population grew 24 per cent to 8,896. However, this growth rate is down from the 1991 to 1996 period, when Whistler's population grew by 61 per cent and was noted as Canada's fastest growing municipality overall.

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Alberta

Overview

Economic conditions support gains in housing construction this year

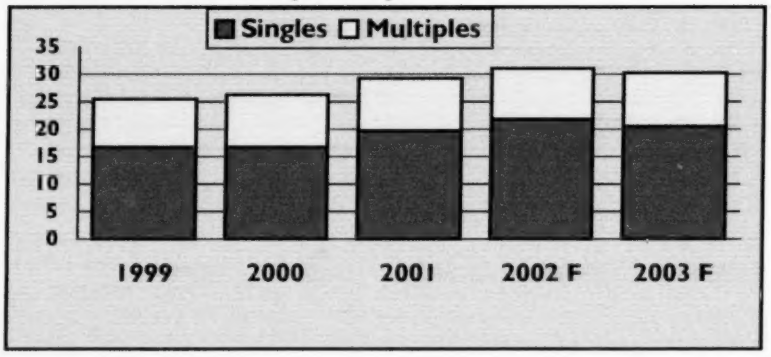
Although Alberta's economic growth rate will again lead growth rates of many other provinces in 2002, it will be among the province's weakest in three years for two main reasons. First, weaker energy prices will limit exploration, drilling expenditures, and overall capital investment in the oil and gas sector. Second, provincial government spending will be reduced by $1.3 billion.

The province's economy is expected to rebound strongly in 2003 despite further reductions in provincial public spending. Price gains for oil and gas, combined with an increase in world demand, will result in a resurgence of natural gas and non-conventional oil-related investment.

The expected rebound in economic growth from 2002 to 2003 will be partly reflected in job growth accelerating from 1.7 per cent in 2002 to 1.9 per cent in 2003. However, as labour force growth is expected to expand at similar rates, Alberta's labour market will remain the tightest in the country.

Given its favourable job maket conditions, Alberta will remain a top destination for migrants seeking employment. Most recent trends point to continued high migration inflows from other countries and other provinces in 2002. Interprovincial migration to Alberta will remain strong, but will moderate as job growth improves in most other provinces through 2003.

Alberta Starts (000's)



In Detail

Single Starts: Single-detached starts surged in the early months of 2002 as builders responded to a backlog of orders and a shortage of inventory. Activity will moderate as the year progresses, however, with slower job growth. Weaker job creation this year will cause single starts to pull back in 2003, with higher mortgage rates and lower in-migration also curtailing activity.

Multiple Starts: Multiples will rise above the 10,000 mark in 2002 for the first time since 1982. Tight rental markets, higher rents, and strong demand for affordable condominium units will support building activity. Multiple starts will decline marginally in 2003 as demand softens. The rental segment will benefit from government assistance to affordable rental projects.

Resales: While the pace of activity has remained strong in the first quarter, residential sales will pull back this year from the record pace set in 2001. A shortage of active listings and accelerating prices, combined with higher mortgage rates, will weaken affordability and demand as the year progresses. Further hikes to mortgage rates in 2003 will avert an upturn through the forecast period.

Prices: Price gains in 2002 will be the strongest since 1998 due to a combination of low resale inventories and strong, albeit moderating, demand. **Edmonton** and **Calgary,** both strong sellers' markets, will bolster the provincial average price by six per cent. Price gains will slow in 2003 as inventories improve relative to sales.

Provincial Highlight

Statistics Canada's 2001 Census indicates that Alberta led all other provinces in population growth from 1996 to 2001. Alberta recorded a 10.3 per cent population jump over the five-year period, eclipsing the next best population growth rate of 6.1 per cent in Ontario.

Grande Prairie and Wood Buffalo led all of Alberta's urban centres in population growth, each posting gains of 18 per cent. Calgary and Edmonton, meanwhile, saw their population grow by 16 and nine per cent, respectively, over the five-year period.

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Saskatchewan

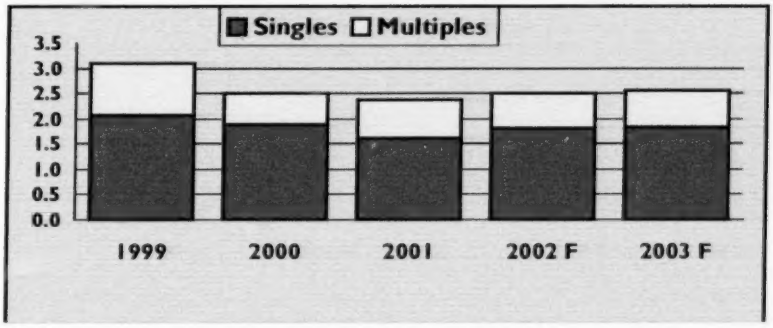
Overview

Modest gains in residential construction expected

Economic contraction and job losses have caused Saskatchewan residential construction to dip in 2000 and 2001. Prospects, however, are brighter for this year and next.

Although it will be slow to materialize, there will be an economic recovery. Economic growth will reach about one per cent in 2002 and is expected to pick up steam to about two per cent in 2003. This year, a return of normal weather patterns and continued diversification into specialty crops will lead to a recovery in agriculture production. Meanwhile, the expected improvement of the U.S. economy will enable exporters to increase sales of their products to that country. Next year, a firming up of oil and gas prices will lead to an increase in investment levels in the oil and gas sector.

Saskatchewan Starts (000's)



Despite the economic recovery, Saskatchewan will continue to trail Alberta in terms of job growth and average weekly earnings. As a result, the province is expected to continue to lose workers to Alberta, albeit at a lower pace than previous years.

The economic recovery expected for this year and next year will help nudge housing starts up. Total housing starts will rise to 2,500 units in 2002 and 2,550 units in 2003. Migration to other provinces, however, will keep total starts below the recent peak in 1999 when more than 3,000 units were recorded.

In Detail

Single Starts: Saskatchewan single-detached housing starts will increase in 2002 and again in 2003. Moderately improved economic conditions and a scarcity of good quality resale housing will drive the rebound in this segment of the market.

Multiple Starts: The average number of multiple starts over the next two years will be close to the average number over the last two years. Condominium and life-lease projects will prove to be popular as developers target a ready market from empty-nesters and seniors seeking alternatives to their present single-detached home. Lower priced row housing will find success among single persons and young couples looking for a lower-priced starter home. The rental segment will benefit from government assistance to affordable rental projects.

Resales: Saskatchewan's resale market has been buoyed by the low mortgage rates, particularly late in 2001 and early 2002. The rising trend in mortgage rates will tone down resale activity in 2002 and 2003. Another factor limiting sales will be the scarcity of quality homes suitable for first-time buyers.

Prices: The high level of sales relative to the number of new listings will maintain the upward momentum in house prices. This rise in resale prices, and limited choice of existing housing at any price, will create opportunities for home builders.

Provincial Highlight

The recent Census shows a 1.1% decline in Saskatchewan's population over the 1996 to 2001 period, from 990,237 to 978,933 persons respectively, due in part to a consistent flow of persons leaving the province.

In shaping the province's housing markets, however, the trend in population takes a back seat to the trend in the number of households. Indeed, even if population declined, the number of households upcoming from the Census may have increased due to a drop in the size of households.

In addition to the potential increase in the number of households, other factors such as intra-provincial migration and favourable economic factors supported demand for housing in the province.

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Manitoba

Overview

Modest economic growth expected

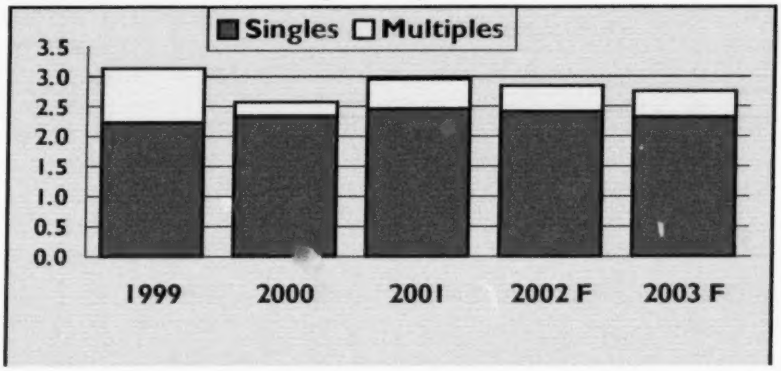
With the recovery in the U.S., economic growth in Manitoba will strengthen to 1.8 and 2.8 per cent in 2002 and 2003 respectively. It is unlikely, however, that economic growth will lead to substantial job gains. Total employment will grow at an annual rate of 0.6 per cent this year and 1.0 per cent next year.

From 1995 to 2001, the number of jobs in Manitoba rose at an average annual rate of about 1.2 per cent, more than double the growth rate in the working age population. As a result, a shortage of skilled workers has emerged across the province. At close to five per cent, Manitoba's unemployment rate is among the lowest in the country, second only to Alberta.

Despite Manitoba's tight labour market, migration out of the province will continue to outpace migration into the province. Surveys by business associations, help-wanted ads, and articles in the popular press indicate that employers are currently unable to fill a substantial number of posted job vacancies. This situation is unlikely to improve, as Alberta with its higher average weekly earnings will continue to draw workers away from Manitoba over the next two years.

A shortage of workers means that working Manitobans can look forward to job security. This should translate into solid consumer confidence and help maintain spending in areas such as housing.

Manitoba Starts (000's)



In Detail

Single Starts: Moderate employment growth combined with limited choice on the resale market will maintain a solid pace of single-detached home building in Manitoba. Look for single starts to reach 2,400 units in 2002, before easing slightly in 2003 as mortgage rate increases soften demand.

Multiple Starts: Despite an overall decline province-wide, expect multiple starts to increase in urban areas thanks to a rise in life-lease apartment construction in response to demand from Manitoba's ageing population. Life-leases have become a popular choice for older Manitobans due to the gap in the equity requirements between a typical new life-lease unit and the cost of a new condo.

Resales: Resale markets will continue to be characterized by strong demand, despite historically low levels of listings. Favourable mortgage rates combined with a rise in disposable income will stimulate record levels of sales. MLS sales in Manitoba are expected to peak at 11,600 units in 2002, before easing to 11,200 in 2003 in conjunction with a rise in mortgage rates.

Prices: Strong demand and limited supply of listings will put upward pressure on house prices over the next two years. However, average price gains will be limited by an increase in first-time home buyers dodging tight rental market conditions.

Provincial Highlight

Although Winnipeg will provide most of the job creation in the province, there will be job gains elsewhere which will help support housing demand.

Manitoba's growing agri-food industry, for example, will provide opportunities. Construction of the J.R. Simplot potato-processing plant in Portage La Prairie is scheduled to begin in June 2002, while production start is expected in the spring of 2003. Two other major hog-processing projects planned for rural Manitoba will also contribute to job gains and housing demand.

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Ontario

Overview

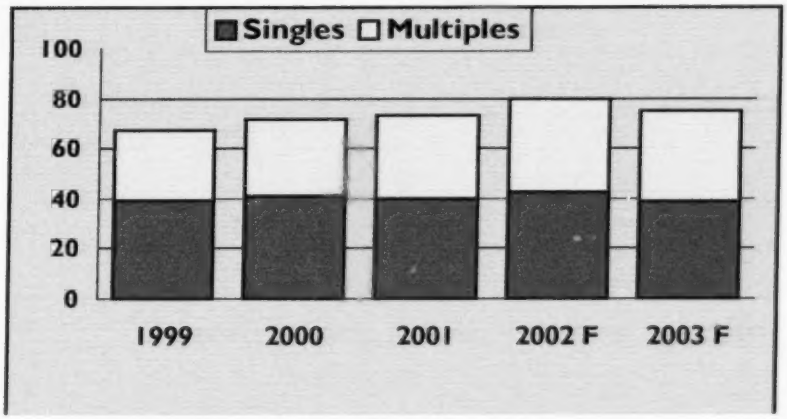
Home construction surges

Strong momentum early in the year will help bring total housing starts to a 13-year high in 2002. In the first several months of this year, low mortgage rates and a warmer than usual winter kept home buyers out in force. House sales and prices moved up. Builders kept building through traditionally slow winter months. Housing starts in the first quarter were up by a fifth over those in the same period last year.

Population growth, the age structure of the population, and economic growth will also colour the housing outlook into 2003.

Ontario's population will grow faster than the Canadian average with migration from other countries and other provinces far exceeding natural population growth (births minus deaths). Immigrants will continue to choose Ontario for its established ethnic and social networks. Immigrants tend to put pressure on rental demand, and take several years to become established before purchasing a home.

Ontario Starts (000's)



The province's aging population will also influence the housing outlook. Although the population in older age groups will be growing fast, a large proportion of this older-aged population already own homes. This explains why housing starts targeted for the homeowner or condominium markets will approach, but not attain, the previous peak of the late 1980s boom. The population in younger age groups, which will also be growing but at a relatively more moderate pace, will help lift rental demand.

Economic growth due to low interest rates and a recovering U.S. economy will kick in this year. Job creation will add to demand for new and existing homes.

In Detail

Single Starts: Low mortgage rates and the tight resale market will boost starts of this most popular and expensive housing type in 2002. Single-detached housing starts will edge lower in 2003 as interest rates move significantly higher.

Multiple Starts: Strong demand from first-time buyers and low inventories of newly completed and unoccupied units will cause multiple starts to jump this year. The condominium and homeowner segments will remain particularly strong. Rental starts will account for the bulk of the increase in multiple starts, but will be low by historical standards. The rental segment will benefit from government assistance to affordable rental projects.

Resales: Momentum early in the year, due to the mild winter and low mortgage rates, will carry resales to a new record in 2002. MLS sales will decline in 2003 as interest rates and house prices pick up.

Prices: House prices will rise over the forecast period. The large number of sales relative to the number of new listings will keep upward pressure on house prices, particularly this year.

Provincial Highlight

CMHC's 2001 Toronto Intentions to Buy and Renovate Survey shows that three out of four intenders are potential first-time home buyers. Almost two thirds of these potential first-time buyers are considering a pre-owned house, which is usually more affordable than a new house.

Since first-time buyers tend to have smaller incomes and proportionately larger mortgages, they are more sensitive to house prices and mortgage rates than repeat buyers. Despite rising house prices, currently low interest rates ensure a favourable environment for first-time buyers.

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Quebec

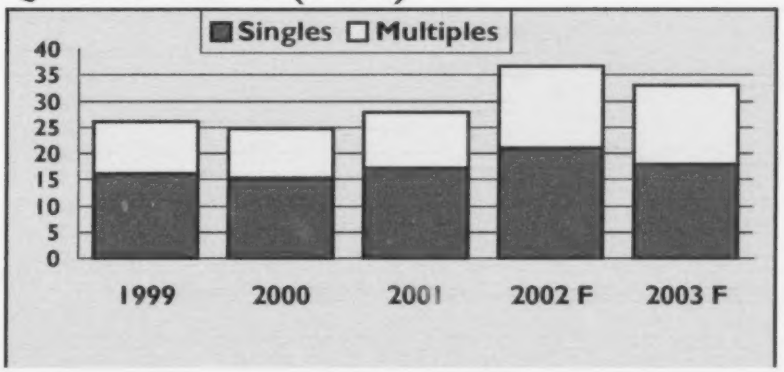
Overview

Economy recovers with housing leading the way

The Quebec economy is benefiting from continued strength in residential construction and consumer spending. While the rebound in the U.S. economy will also help the province's recovery in 2002, more solid economic growth will take place in 2003 when capital investment will pick up in such sectors as high technology and air transportation. As a result, economic growth is expected to be 3.7 per cent in 2002 and by 4.0 per cent in 2003.

The improved economic growth will mean job creation will remain positive for the next few years. This, in turn, will help support housing demand for new and existing homes over the forecast period. A combination of several other factors will also help residential construction. Renewed consumer confidence, an insufficient supply of resale homes, along with tight rental markets, will support the new home segment. Total housing starts will reach 36,600 units in 2002 and 33,000 units in 2003.

Quebec Starts (000's)



In Detail

Single Starts: The above-mentioned factors will contribute to buoying up single-detached home building. Single starts should reach 21,100 units in 2002 and 17,850 in 2003.

Multiple Starts: The low vacancy rates observed in Quebec (less than one per cent in the three major metropolitan areas of **Montréal, Québec** and **Gatineau**), along with a steady demand for retirement homes, will be the main reasons for multiple starts this year and next year. The rental segment will benefit from government assistance to affordable rental projects.

Resales: The low mortgage rates will lift resales again in 2002, but percentage gains will be more moderate in line with slower employment growth and more limited choice of property listings on the existing home market. Higher mortgage rates will trim the number of resales next year.

Prices: The resale market will remain favourable to sellers as demand for existing homes will be high relative to the supply of active listings. Such conditions will lead to average house price gains of about 7.0 per cent in 2002 and 4.4 per cent in 2003.

Provincial Highlight

During the summer of 2001, CMHC conducted a study in the Montréal and Québec areas aimed at gaining more knowledge about the housing conditions and preferences of the 45 to 64 year age group, the baby boomers.

According to the results of the study, nearly half of the homeowners in the 45 to 64 year age group are free of mortgages, highlighting the significant financial capacity of a majority of them. The study also revealed that most renters in this same age group are tenants by choice, benefiting from their rental tenure by having fewer house-related responsibilities and paying less on accommodation than if they were homeowners.

The vast majority of households would prefer to stay in their current living environment in the next five to ten years. Reasons for staying put are mainly attributable to personal situations and preferences such as comfort, living conditions, etc.

Those households who would prefer to move cited two main reasons: retirement and getting closer to nature and tranquillity.

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New Brunswick

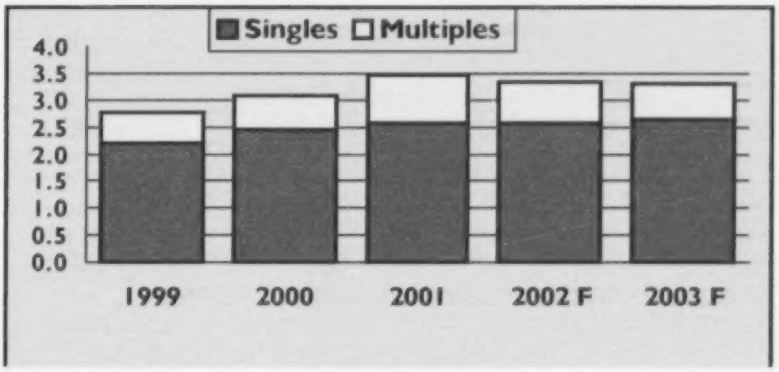
Overview

Capital investment decline dampens housing market prospects

The province's economy will experience a transition period in 2002 and 2003. The development of a natural gas pipeline from the Sable Island project to all regions of New Brunswick is winding down. The Irving Oil refinery upgrade as well as the Moncton-Fredericton highway were completed in 2001. The Coleson Cove power plant conversion and the expansion of the Irving liquid natural gas plant will only begin towards the end of 2003.

This decline in capital investment, combined with softer U.S. export demand for forest products in particular, will slow economic growth to 1.2 per cent in 2002. A return in investment spending and a stronger U.S. economy will set the stage for an economic rebound of 3.2 per cent in 2003.

New Brunswick Starts (000's)



Labour market conditions will reflect economic growth over the forecast period. The unemployment rate is expected to rise slightly as the labour force will expand at a faster pace than employment this year. Job growth will accelerate to two per cent next year, causing the unemployment rate to drop back under 12 per cent.

Moderate economic and job growth will mean demand for housing will taper off. However, high intra-provincial migration will keep demand at relatively strong levels. Total starts are expected to reach 3,350 and 3,300 units in 2002 and 2003 respectively.

In Detail

Single Starts: The scarcity of existing homes available for sale in the three larger urban centres will support strong levels of urban single starts. The construction of single-detached homes in rural areas will also remain strong. A large number of people will continue to move closer to relatives and services in larger urban centres. However, many of them will choose locations outside city limits. Our current forecast indicates 2,590 and 2,660 single starts in 2002 and 2003 respectively.

Multiple Starts: Near record low vacancy rates in Fredericton boosted 2001 multiple starts to the highest level in well over two decades. The construction of multiple dwellings in the Capital region will remain strong by historical terms but is expected to decline. As a result, expect 760 and 640 multiple units to be started in 2002 and 2003 respectively.

Resales: Strong levels of sales in 2001 have absorbed a significant portion of the inventory of active listings on the market. As a result, Realtors will have to wait until 2003 before seeing a significant rise in MLS sales.

Prices: The lack of existing homes combined with strong demand will cause upward pressure on prices. The average sale price will rise to $99,000 and $102,000 in 2002 and 2003 respectively.

Provincial Highlight

After 25 years of growth, the province's population dwindled marginally to 729,498, according to the 2001 census. This represents a 1.2 per cent decline since the province's population peaked at 738,133 following the 1996 census. Moncton and Fredericton are the province's only growing cities, while Saint John, Bathurst, Campbellton, Edmundston and Miramichi all have fewer residents in 2001 than in 1996.

New Brunswick's rate of natural population growth (births minus deaths) fell in the five-year period ending in 2001. Meanwhile, there has been high levels of migration out of the province, especially in the 15-24 year age group. The drop in population slowed the economy and residential construction in particular.

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Nova Scotia

Overview

Broad but shallow contraction in housing activity expected

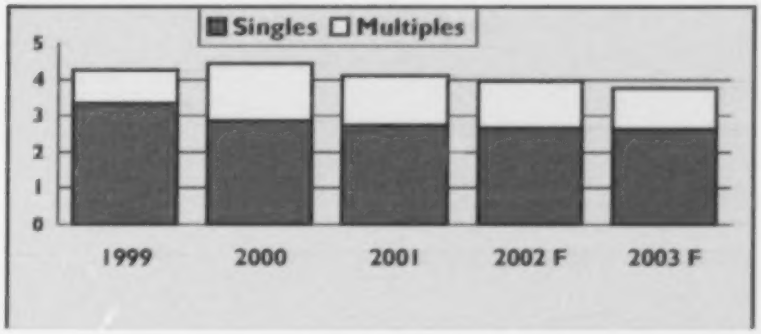
In keeping with history, Nova Scotia is expected to trail the U.S., Canada, and Ontario out of the latest economic downturn. As a result, provincial economic growth and job gains will remain relatively weak this year but rebound next year.

This broad expansion in 2003 will be complemented by a resurgence in offshore energy development as the construction phases of Tier II of Sable Gas and the Pan Canadian Deep Panuke project get under way. These will be accompanied by an expansion of the Maritimes and Northeast Pipeline, but only later in 2004 and 2005.

While the economy, employment and migration are set to improve significantly next year, the spike in these indicators that was posted in 1999 with Tier I of Sable Gas is not expected to re-occur at the same magnitude.

Rising interest rates, in tandem with weaker personal disposable income growth, are also expected to limit retail sales growth and housing market activity through 2003. This will relieve the service and construction sectors from their admirable duty of supporting an otherwise very weak provincial economy over the past 18 months. As a result, despite an improving economy, a broad but shallow contraction in home building and sales is forecast for Nova Scotia over the next two years.

Nova Scotia Starts (000's)



In Detail

Single Starts: Single-detached housing starts are forecast to decrease slightly this year and next. Although several markets are facing a shortage of existing homes for sale, rising construction costs will drive up prices and limit demand. Single starts will see declines of about three per cent this year and two per cent next year.

Multiple Starts: Although most rental markets in Nova Scotia experienced vacancy rate declines in 2001, this is not expected to translate into increased rental construction in 2002. Low mortgage rates are luring many tenants into home ownership, easing the downward pressure on vacancy rates and limiting builders' appetites for new rental development. However, rising first-time buyer demand is creating opportunities for more multiple condominium starts.

Resales: After a record setting year of 9,268 MLS sales in 2001, existing home sales are forecast to slip back below 9000 this year and next year. Mortgage rates are expected to rise as this year progresses, bringing forward into the first half of 2002 a large share of demand that would otherwise have manifested itself more equally over 2002-2003.

Prices: Prices are expected to grow but at a slower pace over the next two years. A larger share of first-time buyers as well as falling demand later this year and into 2003, will result in average price growth below three per cent in 2002 and 2003.

Provincial Highlight

Recently released population figures from the 2001 Census reveals some interesting trends over the past five years. The population of Nova Scotia remains virtually unchanged, at approximately 909,000. The combination of natural increase (births minus deaths) and migration from other countries almost offset migration to other provinces.

Metro Halifax and adjacent East Hants grew by almost five per cent, while most other areas experienced population declines - particularly Guysborough County (-10.0 per cent), Cape Breton County (-7.2 per cent), and Victoria County (-6.1 per cent).

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P.E.I.

Overview

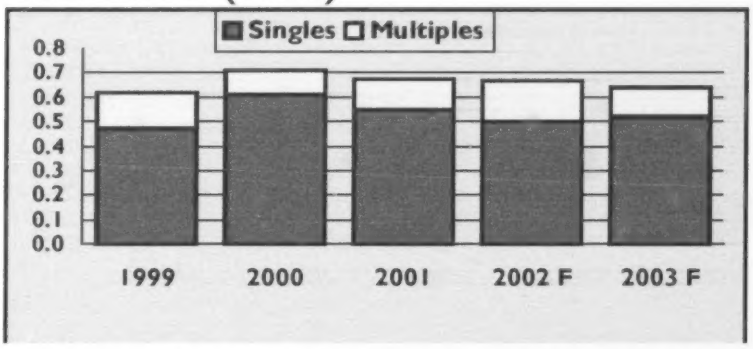
A recovering economy will buoy residential construction

In 2001, the Island's economy had a number of setbacks such as drought-like conditions for potato farmers, a decrease in fish quotas, and a weaker North American economy.

In 2002 and 2003, the Island will benefit from a more robust North American economy. Product exports to other provinces and the U.S. will recover. The tourism industry will see an increase in receipts, and P.E.I. residents will increase spending and drive retail sales.

Investment spending will also support economic growth. Many Islanders are working on various non-residential projects that were started in 2001. The two major projects, the East Prince Health Facility and the Atlantic Technology Centre, will carry through until 2003.

P.E.I. Starts (000's)



The rebounding Canadian and U.S. economies, combined with the non-residential investment projects, will lift the Island's economic growth rate to 2.5 per cent in 2002 and a similar rate in 2003.

The Islands' labour force will see growth over the forecast period through a combination of more Islanders seeking employment and higher migration from other provinces. During this same period, job gains should outpace labour force gains and lower the unemployment rate.

The favourable economic environment and the growing job market will support a level of housing starts that is high relative to the mid- to late-1990s. This year, a decrease in single starts will be mostly offset by a surge in multiple starts, especially in the **Charlottetown** area.

In Detail

Single Starts: In 2002, single-detached housing starts will remain strong but fall slightly as builders focus on the construction of multiple unit dwellings. The focus will return on the single-detached segment in 2003, with demand supported in part by a strong Island economy and income gains.

Multiple Starts: Low vacancy rates over the past few years have convinced developers to build new multiple-unit projects. As a result, multiple starts will rise to 170 units in 2002, before falling back in 2003. The majority of units built this year will be apartments in the **Charlottetown** area. There is also the possibility of condominium starts in the area as well.

Resales: With demand for single-detached houses remaining strong and active listings rising slightly, the resale market will continue to do well this year and next. However, rising mortgage rates, particulalry in 2003, will drive MLS sales lower over the forecast period.

Prices: The continued strong demand for existing homes in the urban areas of the province will cause the average sales price to rise to $90,000 by the end of 2003.

Provincial Highlight

P.E.I. was the only Atlantic province to show demographic growth between the 1996 and 2001 censuses. The Island's population grew to 135,294 in 2001, a 0.5 per cent increase from the 1996 level.

The main source of population growth was interprovincial migration. The Island also attracted a small number of international immigrants. Natural increase (births minus deaths) declined. The trend of population moving to urban centres, seen elsewhere in Canada, was also evident in P.E.I. Charlottetown's population rose by 2.0 per cent while Summerside's grew by 1.2 per cent.

The various migration patterns help support demand for housing on the Island.

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Newfoundland and Labrador

Overview

Oil production and consumer demand keep economy growing and housing markets stable

The outlook for economic growth will remain heavily dependant on offshore oil production and investment.

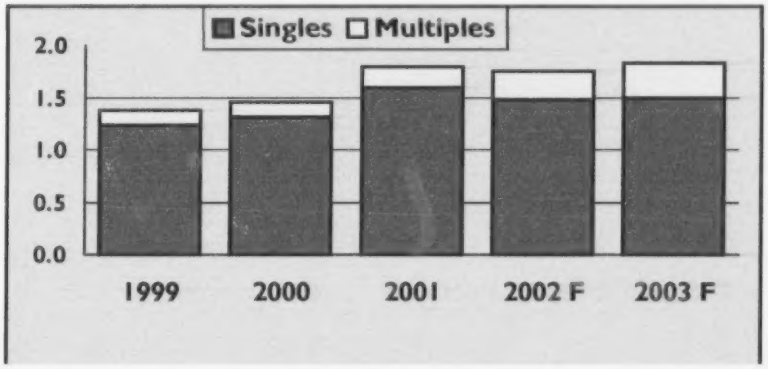
Production launch at Terra Nova, combined with more light crude output in each of the next two years from Hibernia, will support income gains and the economic upturn.

Investment will also play a key role in economic and job growth. Despite the conclusion of several major capital projects such as Terra Nova's development stage, the level of investment spending will remain buoyant, highlighted by the expected start-up of White Rose. Impacts from White Rose will be modest this year but will gather steam in 2003 and beyond as the project moves into high gear.

Another bright spot on the job creation front will be customer contact centres. This industry has been among the fastest growing in recent years, generating job opportunities throughout the province.

With consumers confident and incomes growing, demand for goods and services will stay strong. Sustained job and income growth will stimulate home buying activity. Rental markets are also expected to tighten further as a number of new workforce entrants make their first move to rented accommodation.

Newfoundland and Labrador Starts (000's)



In Detail

Single Starts: While single starts will dip slightly this year, they will remain strong relative to the levels achieved during the latter part of the 1990's. Ongoing shortages of existing homes and growth in the population aged 35 to 54 will support demand. On the downside, the stellar performance recorded in rural areas last year is not expected to be repeated, as much of the pent-up demand has been satisfied. Uncertainty over recent events involving the province's major employer in the fishery will also have a dampening effect in rural areas. The forecast number of single housing starts will be essentially unchanged from 2002 to 2003.

Multiple Starts: Tight rental markets, growing demand for condominiums, and moderately priced townhouses will ensure that multiple starts remain the major growth segment.

Resales: With strong job and income growth, expect brisk existing homes sales in 2002 and in 2003. While lack of supply will hold back sales modestly in 2002, they will still reach their second highest total on record. Expect some slight sales gains in 2003 as listings rise in response to more owners attempting to capitalize on equity gains.

Prices: Supply and demand forces will continue to bolster the average MLS house price over the next two years, but lower home values in central Newfoundland will limit gains to no more than 2 per cent.

Provincial Highlight

While most markets within the St. John's region have been growing in recent years, the Town of Paradise/St. Thomas stands out. This community has been the fastest growing in the province with its population swelling by over 20 per cent between 1996 and 2001.

With improved transportation links, an abundance of competitively priced building lots, and economic prospects remaining bright, the Town of Paradise/St. Thomas is well positioned for further growth in coming years.

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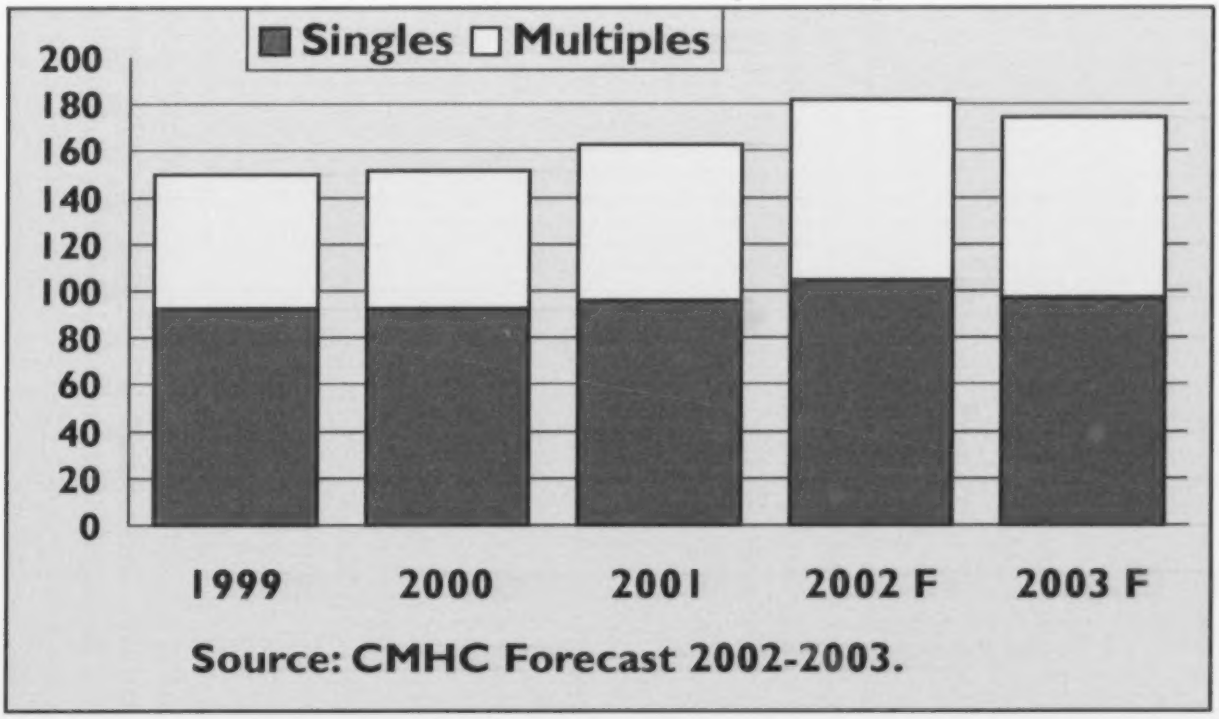
Canada Starts (000's)



Total Housing Starts
(units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	**1696**	**1450**	**1371**	**1459**	**1788**	**1750**	**1825**
%	-16.6	-14.5	-5.4	6.4	22.5	-2.1	4.3
PEI	**470**	**524**	**616**	**710**	**675**	**670**	**640**
%	-15.2	11.5	17.6	15.3	-4.9	-0.7	-4.5
NS	**3813**	**3137**	**4250**	**4432**	**4092**	**3950**	**3750**
%	-6.1	-17.7	35.5	4.3	-7.7	-3.5	-5.1
NB	**2702**	**2447**	**2776**	**3079**	**3462**	**3350**	**3300**
%	-0.7	-9.4	13.4	10.9	12.4	-3.2	-1.5
QUE	**25896**	**23138**	**25742**	**24695**	**27682**	**36600**	**33000**
%	11.5	-10.7	11.3	-4.1	12.1	32.2	-9.8
ONT	**54072**	**53830**	**67235**	**71521**	**73282**	**79600**	**74800**
%	25.6	-0.4	24.9	6.4	2.5	8.6	-6.0
MAN	**2612**	**2895**	**3133**	**2560**	**2963**	**2850**	**2750**
%	12.7	10.8	8.2	-18.3	15.7	-3.8	-3.5
SASK	**2757**	**2965**	**3089**	**2513**	**2381**	**2500**	**2550**
%	13.1	7.5	4.2	-18.6	-5.3	5.0	2.0
ALTA	**23671**	**27122**	**25447**	**26266**	**29174**	**32100**	**30350**
%	42.0	14.6	-6.2	3.2	11.1	10.0	-5.5
BC	**29351**	**19931**	**16309**	**14418**	**17234**	**18800**	**21000**
%	6.2	-32.1	-18.2	-11.6	19.5	9.1	11.7
CAN	**147040**	**137439**	**149968**	**151653**	**162733**	***182200**	***174000**
%	17.9	-6.5	9.1	1.1	7.3	12.0	-4.5

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1220	1086	1233	1315	1598	1475	1500
%	-12.5	-11.0	13.5	6.7	21.5	-7.7	1.7
PEI	374	387	472	614	551	500	525
%	-13.0	3.5	22.0	30.1	-10.3	-9.3	5.0
NS	2939	2257	3345	2856	2761	2675	2625
%	-10.3	-23.2	48.2	-14.6	-3.3	-3.1	-1.9
NB	2125	1989	2201	2442	2573	2590	2660
%	-2.2	-6.4	10.7	10.9	5.4	0.7	2.7
QUE	16073	14685	15798	15349	17193	21100	17850
%	8.5	-8.6	7.6	-2.8	12.0	22.7	-15.4
ONT	35401	32737	39421	41087	39632	42500	39000
%	31.0	-7.5	20.4	4.2	-3.5	7.2	-8.2
MAN	2019	2368	2231	2348	2460	2400	2320
%	7.7	17.3	-5.8	5.2	4.8	-2.4	-3.3
SASK	1954	2154	2070	1890	1627	1800	1825
%	21.2	10.2	-3.9	-8.7	-13.9	10.6	1.4
ALTA	18170	20077	16688	16835	19769	21700	20400
%	40.3	10.5	-16.9	0.9	17.4	9.8	-6.0
BC	12911	8691	8731	7448	7862	8100	8600
%	3.7	-32.7	0.5	-14.7	5.6	3.0	6.2
CAN	93186	86431	92190	92184	96026	*104800	*97300
%	19.5	-7.2	6.7	-0.0	4.2	9.1	-7.2

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	476	364	138	144	190	275	325
%	-25.5	-23.5	-62.1	4.3	31.9	44.7	18.2
PEI	96	137	144	96	124	170	115
%	-22.6	42.7	5.1	-33.3	29.2	37.1	-32.4
NS	874	880	905	1576	1331	1275	1125
%	11.9	0.7	2.8	74.1	-15.5	-4.2	-11.8
NB	577	458	575	637	889	760	640
%	5.1	-20.6	25.5	10.8	39.6	-14.5	-15.8
QUE	9823	8453	9944	9346	10489	15500	15150
%	16.9	-13.9	17.6	-6.0	12.2	47.8	-2.3
ONT	18671	21093	27814	30434	33650	37100	35800
%	16.4	13.0	31.9	9.4	10.6	10.3	-3.5
MAN	593	527	902	212	503	450	430
%	33.9	-11.1	71.2	-76.5	137.3	-10.5	-4.4
SASK	803	811	1019	623	754	700	725
%	-2.8	1.0	25.6	-38.9	21.0	-7.2	3.6
ALTA	5501	7045	8759	9431	9405	10400	9950
%	48.0	28.1	24.3	7.7	-0.3	10.6	-4.3
BC	16440	11240	7578	6970	9372	10700	12400
%	8.2	-31.6	-32.6	-8.0	34.5	14.2	15.9
CAN	53854	51008	57778	59469	66707	*77300	*76700
%	15.3	-5.3	13.3	2.9	12.2	15.9	-0.8

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NF	Semi-detached	158	163	50	44	30	50	50
	Row	18	20	9	23	36	50	50
	Apartment	300	181	79	77	124	175	225
	Total	476	364	138	144	190	275	325
PEI	Semi-detached	12	28	32	46	56	50	40
	Row	43	10	31	21	10	20	25
	Apartment	41	99	81	29	58	100	50
	Total	96	137	144	96	124	170	115
NS	Semi-detached	303	290	218	266	228	240	250
	Row	58	89	29	17	40	60	100
	Apartment	513	501	658	1293	1063	975	775
	Total	874	880	905	1576	1331	1275	1125
NB	Semi-detached	106	106	134	113	114	150	100
	Row	132	89	94	26	153	70	90
	Apartment	339	263	347	498	622	540	450
	Total	577	458	575	637	889	760	640
QC	Semi-detached	2767	1930	1586	1291	1309	1850	1800
	Row	1433	1074	1184	858	869	1250	1200
	Apartment	5623	5449	7174	7197	8311	12400	12150
	Total	9823	8453	9944	9346	10489	15500	15150
ON	Semi-detached	4299	4575	6445	7167	7106	7500	7000
	Row	9964	10073	10425	10846	10269	9800	10000
	Apartment	4408	6445	10944	12421	16275	19800	18800
	Total	18671	21093	27814	30434	33650	37100	35800
MAN	Semi-detached	143	131	90	52	51	70	60
	Row	96	81	151	63	84	80	70
	Apartment	354	315	661	97	368	300	300
	Total	593	527	902	212	503	450	430
SK	Semi-detached	160	174	155	148	116	155	145
	Row	352	222	104	173	240	175	180
	Apartment	291	415	760	302	398	370	400
	Total	803	811	1019	623	754	700	725
ALB	Semi-detached	1458	1428	1570	1518	1957	2150	2100
	Row	1691	1512	1424	1545	1779	1950	1850
	Apartment	2352	4105	5765	6368	5669	6300	6000
	Total	5501	7045	8759	9431	9405	10400	9950
B.C.	Semi-detached	1979	1218	816	885	916	950	1100
	Row	3469	2117	1444	1675	1686	1750	2000
	Apartment	10992	7905	5318	4410	6770	8000	9300
	Total	16440	11240	7578	6970	9372	10700	12400
CAN	Semi-detached	11385	10043	11096	11530	11883	13165	12645
	Row	17256	15287	14895	15247	15166	15205	15565
	Apartment	25213	25678	31787	32692	39658	48960	48450
	Total	53854	51008	57778	59469	66707	*77300	*76700

Source: CMHC Forecast 2002-2003.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over					
		Total Rental	Condo	Other*	Total 10,000+	Other Areas	All Areas Total
NFLD	2001	14	40	118	172	18	190
	2002	150	50	55	255	20	275
	2003	175	80	50	305	20	325
PEI	2001	48	0	30	78	46	124
	2002	85	40	15	140	30	170
	2003	55	10	10	75	40	115
NS	2001	745	256	147	1148	183	1331
	2002	650	325	150	1125	150	1275
	2003	500	350	125	975	150	1125
NB	2001	461	116	130	707	182	889
	2002	485	50	150	685	75	760
	2003	415	75	100	590	50	640
QUE	2001	4026	4163	1628	9817	672	10489
	2002	5890	6200	2480	14570	930	15500
	2003	5757	6060	2424	14241	909	15150
ONT	2001	2716	16653	14157	33526	124	33650
	2002	5100	17700	14150	36950	150	37100
	2003	5300	16600	13770	35670	130	35800
MAN	2001	192	79	8	279	224	503
	2002	165	230	15	410	40	450
	2003	155	220	15	390	40	430
SASK	2001	38	605	31	674	80	754
	2002	60	515	50	625	75	700
	2003	70	530	50	650	75	725
ALTA	2001	2470	5343	752	8565	840	9405
	2002	2750	5750	700	9200	1200	10400
	2003	2450	5650	700	8800	1150	9950
BC	2001	3912	4285	889	9086	286	9372
	2002	2300	7200	800	10300	400	10700
	2003	1200	9400	900	11500	900	12400
CAN	2001	14622	31540	17890	64052	2655	66707
	2002	17635	38060	18565	74260	3070	**77300
	2003	16077	38975	18144	73196	3464	**76700

Source: CMHC Forecast 2002-2003.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	2170	2288	2437	2593	2808	2750	2775
%	8.2	5.4	6.5	6.4	8.3	-2.1	0.9
PEI	806	1125	1184	1206	1234	1200	1150
%	7.5	39.6	5.2	1.9	2.3	-2.8	-4.2
NS	7567	8052	8827	8429	9268	8950	8500
%	-9.6	6.4	9.6	-4.5	10.0	-3.4	-5.0
NB	3941	3908	4376	4524	4779	4800	5000
%	-2.0	-0.8	12.0	3.4	5.6	0.4	4.2
QUE	43463	45192	49792	53755	61620	65000	63000
%	11.1	4.0	10.2	8.0	14.6	5.5	-3.1
ONT	140608	138463	148659	147158	162318	178000	170500
%	1.9	-1.5	7.4	-1.0	10.3	9.7	-4.2
MAN	11180	10762	10867	10612	11440	11600	11200
%	2.0	-3.7	1.0	-2.3	7.8	1.4	-3.4
SASK	8346	8068	8053	7552	7971	7800	7800
%	-3.9	-3.3	-0.2	-6.2	5.5	-2.1	0.0
ALTA	43693	43383	42684	43311	48989	48450	46750
%	16.6	-0.7	-1.6	1.5	13.1	-1.1	-3.5
BC	68182	52910	58084	54179	69554	72800	73000
%	-5.5	-22.4	9.8	-6.7	28.4	4.7	0.3
CAN	329956	314151	334963	333319	379981	*401400	*389700
%	2.6	-4.8	6.6	-0.5	14.0	5.6	-2.9

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	92226	91514	94359	99525	104376	105500	107500
%	-1.5	-0.8	3.1	5.5	4.9	1.1	1.9
PEI	86403	79577	82139	82884	87696	89000	90000
%	3.0	-7.9	3.2	0.9	5.8	1.5	1.1
NS	96693	97015	102628	110269	116052	118500	120000
%	3.5	0.3	5.8	7.4	5.2	2.1	1.3
NB	87204	85948	88072	91624	95947	99000	102000
%	3.6	-1.4	2.5	4.0	4.7	3.2	3.0
QUE	101715	103947	107501	111260	115865	124000	129500
%	3.3	2.2	3.4	3.5	4.1	7.0	4.4
ONT	164382	167115	174049	183841	193357	208000	214500
%	5.6	1.7	4.1	5.6	5.2	7.6	3.1
MAN	85404	86419	86423	87884	93192	96500	100000
%	0.1	1.2	0.0	1.7	6.0	3.5	3.6
SASK	83978	87577	91396	94047	98310	103500	106500
%	8.4	4.3	4.4	2.9	4.5	5.3	2.9
ALTA	124865	132905	139621	146258	153737	163000	169500
%	6.1	6.4	5.1	4.8	5.1	6.0	4.0
BC	220512	212046	215283	221371	222822	231300	238300
%	0.8	-3.8	1.5	2.8	0.7	3.8	3.0
CAN	154644	152393	158180	164129	171955	*183600	*189700
%	2.5	-1.5	3.8	3.8	4.8	6.8	3.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.2	2.6	5.5	-0.2	3.3	2.0	3.0
PEI	0.5	1.9	1.5	5.3	2.0	1.2	1.4
NS	1.6	3.8	2.4	2.7	0.9	0.7	2.2
NB	1.5	2.3	3.3	1.8	0.0	1.2	2.0
QUE	1.6	2.7	2.3	2.4	1.1	3.2	2.5
ONT	2.6	3.3	3.6	3.2	1.5	1.4	2.2
MAN	1.3	1.9	1.3	2.2	0.6	1.0	1.0
SASK	2.7	1.3	0.8	1.0	-2.6	0.0	0.5
ALTA	3.5	3.9	2.5	2.3	2.8	1.7	1.9
BC	2.6	0.1	1.9	2.2	-0.3	0.5	1.8
CAN	2.3	2.7	2.8	2.6	1.1	1.7	2.1

Source: Statistics Canada, CMHC Forecast 2002-2003.
(F) Forecast.

Unemployment Rate (percent)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	18.6	18.0	16.9	16.7	16.1	16.5	16.1
PEI	15.4	13.9	14.4	12.0	11.9	11.7	11.4
NS	12.1	10.5	9.6	9.1	9.7	10.2	9.6
NB	12.7	12.2	10.2	10.0	11.2	11.0	10.4
QUE	11.4	10.3	9.3	8.4	8.7	8.4	7.9
ONT	8.4	7.2	6.3	5.7	6.3	7.1	7.0
MAN	6.5	5.5	5.6	4.9	5.0	5.2	5.1
SASK	5.9	5.8	6.1	5.2	5.8	5.9	5.4
ALTA	5.8	5.6	5.7	5.0	4.6	4.8	4.7
BC	8.4	8.8	8.3	7.2	7.7	8.0	7.8
CAN	9.1	8.3	7.6	6.8	7.2	7.5	7.3

Source: Statistics Canada, CMHC Forecast 2002-2003.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.1	7.1	6.5	5.7	1.3	4.5	5.5
PEI	-0.3	4.7	3.7	3.2	0.1	2.5	2.3
NS	3.3	2.8	5.4	2.1	2.4	2.4	3.5
NB	0.9	4.2	4.3	2.3	0.7	1.2	3.2
QUE	3.5	3.6	4.8	4.2	0.9	3.7	4.0
ONT	4.9	4.8	6.8	5.0	1.0	3.7	4.3
MAN	4.2	4.0	2.3	2.5	1.4	2.0	2.8
SASK	5.5	2.6	1.5	3.3	-1.9	1.0	2.2
ALTA	7.5	4.0	2.1	5.8	2.9	3.0	4.5
BC	3.4	1.3	2.9	3.7	0.9	1.5	4.0
CAN	4.3	4.1	5.4	4.5	1.5	3.5	4.1

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	-8471	-7831	-3450	-4128	-3169	-2950	-3500
PEI	-229	116	420	-13	577	600	500
NS	497	182	2493	531	-134	250	2000
NB	-1285	-2341	263	-212	-279	250	600
QUE	-1922	2090	8175	5995	14500	6500	7000
ONT	94576	73331	100797	125825	130360	125000	126500
MAN	-4206	-1669	288	-391	-2089	-1300	-900
SASK	-1518	-1014	-5892	-8099	-9352	-7800	-3900
ALTA	40473	45403	25920	35309	35070	34380	29180
BC	44302	10819	19946	14549	23188	27000	33950
CAN**	162217	119086	148960	169366	188672	181930	191430

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS average price	Rental vacancy rate structures of 3 units +
Victoria	2001	1,264	631	0.4	5,872	259,138	0.5
	2002(F)	1,260	695	2.0	6,575	270,000	1.0
	2003(F)	1,340	710	4.2	6,200	277,000	1.3
Vancouver	2001	10,862	3,512	0.8	27,909	369,343	1.0
	2002(F)	12,500	4,500	3.0	29,000	387,800	1.4
	2003(F)	14,000	4,700	4.0	29,500	399,000	1.6
Abbotsford	2001	418	412	na	1,892	204,486	2.4
	2002(F)	550	490	na	2,100	212,000	3.0
	2003(F)	570	500	na	2,150	215,000	3.2
Edmonton	2001	7,855	4,959	1.6	16,079	133,441	0.9
	2002(F)	8,500	5,500	2.5	16,000	143,500	1.2
	2003(F)	7,750	5,000	2.5	15,500	149,250	1.5
Calgary	2001	11,349	7,559	2.5	22,512	182,090	1.2
	2002(F)	12,250	8,300	3.5	22,000	191,200	1.5
	2003(F)	11,250	7,700	2.8	21,000	196,900	1.5
Saskatoon	2001	900	542	2.7	2,987	116,023	2.9
	2002(F)	1,000	650	3.0	2,800	119,500	2.0
	2003(F)	1,000	625	3.0	2,800	124,500	2.0
Regina	2001	626	401	2.5	2,792	96,943	2.1
	2002(F)	625	475	3.0	2,700	100,000	2.5
	2003(F)	615	450	3.0	2,700	103,000	2.5
Winnipeg	2001	1,473	1,238	1.8	10,215	94,736	1.4
	2002(F)	1,500	1,225	2.5	10,500	98,500	1.2
	2003(F)	1,500	1,200	2.5	10,200	102,250	1.2
Thunder Bay	2001	211	163	-0.9	1354	111064	5.8
	2002(F)	280	170	0.3	1462	112,175	5.0
	2003(F)	250	180	0.5	1506	114,418	4.5
Sudbury	2001	191	191	-0.9	1937	107,774	5.7
	2002(F)	230	195	0.3	2034	109,390	5.0
	2003(F)	240	200	0.5	2095	111,578	4.5
Windsor	2001	2,157	1,605	-0.1	5127	140,206	2.9
	2002(F)	2,335	1,765	0.3	5383	148,000	2.5
	2003(F)	2,170	1,660	0.4	5100	151,000	2.1
London	2001	1,607	1,317	2.5	7307	136,636	1.6
	2002(F)	2,230	1,600	2.5	7600	138,900	1.4
	2003(F)	2,150	1,350	2.0	6900	139,800	1.2
Kitchener	2001	3,537	2,197	3.0	4816	164,548	0.9
	2002(F)	3,640	2,700	2.9	5500	177,750	1.2
	2003(F)	3,500	2,400	3.0	5200	183,750	1.5
St. Catharines-Niagara	2001	1,134	916	2.3	5495	134,004	1.9
	2002(F)	1,280	1,000	3.9	5750	140,700	2.3
	2003(F)	1,360	975	2.5	5650	145,750	2.0
Hamilton	2001	3,365	1,842	2.0	11334	172,567	1.3
	2002(F)	3,400	2,100	2.5	12000	180,000	1.5
	2003(F)	3,500	1,900	2.5	11500	186,000	1.5
Toronto	2001	41,017	16,844	2.4	67612	251,507	0.9
	2002(F)	47,500	19,500	2.5	77000	270,000	1.1
	2003(F)	44,000	17,500	2.3	73000	280,000	1.4

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS average price	Rental vacancy rate Structures of 3 units +
Oshawa	2001	2,561	2,038	na	4937	172,603	1.3
	2002(F)	3,480	2,600	na	5600	183,000	1.8
	2003(F)	2,870	2,200	na	5300	188,000	1.5
Kingston	2001	707	537	na	3274	132,048	1.5
	2002(F)	760	570	na	3550	136,750	1.2
	2003(F)	835	600	na	3760	140,100	1.0
Ottawa	2001	6,251	3,502	11.6	12237	205,094	0.8
	2002(F)	6,225	2,790	5.8	13775	230,400	1.4
	2003(F)	6,650	3,000	4.6	14725	244,900	1.9
Gatineau	2001	1,659	1,093	1.0	4,050	99,776	0.6
	2002(F)	2,100	1,400	4.0	4,250	108,000	0.6
	2003(F)	1,700	950	3.0	4,000	110,000	1.0
Montréal	2001	13,300	7,152	5.0	33,984	137,907	0.6
	2002(F)	18,000	9,500	5.0	36,000	151,000	0.6
	2003(F)	16,200	7,300	5.0	33,500	161,000	1.0
Trois-Rivières	2001	324	224	n.a.	824	75,700	4.7
	2002(F)	525	230	n.a.	840	78,500	3.8
	2003(F)	450	225	n.a.	800	80,500	3.5
Sherbrooke	2001	589	283	n.a.	1,245	94,300	2.3
	2002(F)	650	310	n.a.	1,325	98,800	1.8
	2003(F)	570	280	n.a.	1,200	97,500	1.5
Québec	2001	2,555	1,581	2.6	7,072	92,367	0.8
	2002(F)	4,000	2,500	4.0	7,300	99,000	0.8
	2003(F)	3,600	1,900	3.0	6,900	103,500	1.4
Chicoutimi-Jonquière	2001	336	228	n.a.	980	85,480	4.4
	2002(F)	620	230	n.a.	1,030	88,250	4.3
	2003(F)	300	230	n.a.	1,070	90,500	5.0
Saint John	2001	374	325	0.1	1,510	97,348	5.6
	2002(F)	400	340	0.1	1,500	99,500	6.0
	2003(F)	410	355	0.1	1,525	104,000	4.5
Halifax	2001	2,340	1,296	2.2	6,212	134,106	2.8
	2002(F)	2,150	1,200	2.8	6,050	137,500	3.0
	2003(F)	2,050	1,175	3.0	5,900	139,000	3.0
St. John's	2001	1,029	875	2.0	2,675	105,237	2.5
	2002(F)	1,100	875	2.5	2,625	106,500	2.0
	2003(F)	1,125	850	2.5	2,650	108,000	2.0
Charlottetown	2001	300	250	1.5	505	106,355	1.8
	2002(F)	350	230	1.0	500	107,500	2.5
	2003(F)	300	200	1.8	500	108,000	3.0
ALL METRO AREAS	2001	120,291	63,713	2.6	274,745		1.1
	2002(F)	139,440	73,640	3.0	292,749		1.2
	2003(F)	132,255	66,315	2.9	282,831		1.5

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2002-2003.
n.a.: data not available

Major Housing Indicators Seasonally Adjusted Annual Rates (levels and quarterly percent change)

	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3	01:Q4	02:Q1	02:Q2
New housing								
Building permits, units, thousands	156.8	149.6	163.4	159.4	157.6	174.7	212.9	n.a.
%	6.6	-4.6	9.2	-2.4	-1.2	10.9	21.8	n.a.
Housing starts, total, thousands	159.9	153.7	160.9	164.5	156.3	171.6	204.2	195.7
%	12.2	-3.9	4.7	2.2	-5.0	9.8	19.0	-4.2
Housing starts, singles, thousands	92.7	90.4	96.5	92.6	94.1	102.6	122.4	123.9
%	1.5	-2.5	6.7	-4.0	1.6	9.0	19.3	1.2
Housing starts, multiples, thousands	67.2	63.3	64.4	71.9	62.2	69.0	81.8	71.8
%	31.3	-5.8	1.7	11.6	-13.5	10.9	18.6	-12.2
Housing completions, total, thousands	148.4	142.3	145.5	151.4	153.4	156.2	177.6	173.3
%	1.7	-4.1	2.3	4.0	1.3	1.8	13.7	-2.4
New house price index, 1992=100	103.5	104.2	104.9	105.7	106.5	107.1	108.2	n.a.
%	0.6	0.7	0.6	0.8	0.8	0.5	1.1	n.a.
Existing housing								
MLS resales, units, thousands	333.6	333.2	346.4	370.6	379.0	423.5	463.9	411.1
%	1.7	-0.1	4.0	7.0	2.3	11.7	9.5	-11.4
MLS average resale price, $C thousands	164.3	167.1	166.4	169.9	173.7	176.8	183.0	186.5
%	1.0	1.7	-0.5	2.1	2.2	1.8	3.5	1.9
Mortgage market								
Mortgages outstanding, $C billions	432.6	436.1	441.1	446.3	452.9	461.0	468.7	n.a.
%	0.6	0.8	1.1	1.2	1.5	1.8	1.7	n.a.
Mortgage approvals, $C billions	76.3	78.7	84.5	89.7	88.5	n.a.	n.a.	n.a.
%	5.9	3.1	7.3	6.2	-1.3	n.a.	n.a.	n.a.
1-year mortgage rate, per cent*	7.90	7.83	7.10	6.73	6.03	4.70	4.80	5.50
5-year mortgage rate, per cent*	8.25	8.15	7.58	7.67	7.50	6.87	7.05	7.37
Residential investment**								
Total, $1997 billions	46.5	47.1	47.4	47.0	47.9	50.5	54.5	n.a.
%	1.4	1.3	0.5	-0.8	2.0	5.3	7.9	n.a.
New, $1997 billions	22.6	22.9	23.5	23.1	23.6	25.3	28.0	n.a.
%	5.0	1.4	2.4	-1.8	2.3	7.5	10.5	n.a.
Alterations, $1997 billions	16.8	17.2	16.8	16.4	16.4	16.5	16.9	n.a.
%	3.8	2.6	-2.4	-2.4	0.3	0.3	2.6	n.a.
Transfer costs, $1997 billions	7.2	7.0	7.1	7.5	7.9	8.5	9.4	n.a.
%	3.5	-2.2	1.4	6.0	4.6	8.8	9.9	n.a.
Deflator, 1997=100	105.5	106.7	107.3	108.5	109.0	110.1	111.4	n.a.
%	0.2	-0.6	1.1	0.6	1.1	0.4	1.1	1.2

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.